

**DEPARTMENT OF ENVIRONMENT
FOREST FIRE CONTINGENCY FUND**

FINANCIAL STATEMENTS

For the Year Ended March 31, 2002



Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

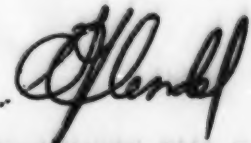
I have audited the statement of financial position of the Forest Fire Contingency Fund as at March 31, 2002 and the statement of operations and changes in net financial assets for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

During the year, the Fund recorded a transfer of \$40,000,000 from the General Revenue Fund to pay for the current and future costs for fighting certain wildfires. Management of the Fund recorded the entire transfer as revenue of the current year. In this respect these financial statements are not in accordance with Canadian generally accepted accounting principles. Canadian generally accepted accounting principles require organizations to record transfers as revenue when the costs are incurred. Also, these principles require organizations to record transfers received in advance as deferred revenue. Had this transaction been properly recorded deferred revenue of \$33,994,798 would have been recorded in the statement of financial position and net financial assets would be reduced by an equivalent amount. Also, revenue, and excess of revenue over expenses in the statement of operations and changes in net financial assets would be reduced by \$33,994,798.

In my opinion, except for the effects of the failure to properly record the transfer from the General Revenue Fund as described in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2002 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 26, 2002


Fred Wendel, CMA, CA
Provincial Auditor

FOREST FIRE CONTINGENCY FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

2002**ASSETS****Assets:**

Due from General Revenue Fund (Notes 3 and 4)

\$ 33,994,798**LIABILITIES AND NET FINANCIAL ASSETS**

Net financial assets (Statement 2)

\$ 33,994,798

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
STATEMENT OF OPERATIONS AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	<u>2002</u>
	<u>Actual</u>
Revenues:	
General Revenue Fund transfer	\$ <u>40,000,000</u>
	<u>40,000,000</u>
Expenses:	
Wages and benefits	1,801,707
Aircraft rental	1,834,416
Equipment rental	1,117,286
Materials and supplies	552,852
Contractual services	423,449
Aviation fuel	378,733
Travel and sustenance	94,949
Miscellaneous	<u>1,830</u>
	<u>6,005,202</u>
Excess of revenues over expenses	33,994,798
Net financial assets, beginning of year	<u>-</u>
Net financial assets, end of year - to Statement 1	\$ <u>33,994,798</u>

(See accompanying notes to the financial statements)

FOREST FIRE CONTINGENCY FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2002

1. Purpose of the Fund

Section 8.1 of *The Prairie and Forest Fires Act*, 1982 established The Forest Fire Contingency Fund (Fund) effective April 1, 2001. The Fund was established for the purpose of financing the expenses related to fighting wildfires in excess of 100 hectares in area. The Department of Environment and Resource Management (now called the Department of Environment) administers the Fund. The Department charges the Fund all costs of fighting escaped fires including the costs that were incurred before the fire escaped.

2. Significant Accounting Policy

The financial statements are prepared using Canadian generally accepted accounting principles. The following accounting policy is considered significant:

Revenue

Revenue is recognized when grant amounts are transferred from the General Revenue Fund and no future eligibility criteria are required to be met.

3. Due From General Revenue Fund

The Fund's money is on deposit with the General Revenue Fund (GRF). The Fund does not receive any interest from money on deposit with the GRF.

4. Financial Instruments

The fair value of the Fund's financial instrument, Due from General Revenue Fund, approximates its carrying value due to the immediate and short-term nature of this financial instrument.

5. Budget

For the year ended March 31, 2002, Treasury Board approved a transfer of \$40,000,000 from the General Revenue Fund.

6. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. These transactions, for the year, are as follows:

Expenses:	
Wages and benefits	\$ 973,790
Contractual services	271,199
Materials and supplies	4,729
	<u>\$ 1,249,718</u>

The Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes.

In accordance with established government policy, the Fund has not been charged with certain costs including occupancy, financing, and certain administrative costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

7. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from these financial statements.